APR 6 1967
JOHN F. DAVIS, CLERK

IN THE

Supreme Court of the United States

October Term, 1967
No. 1228

TOOL RESEARCH AND ENGINEERING CORPORATION,
Petitioner,

vs.

HONCOR CORPORATION,
Respondent.

Petition for Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit.

SIDNEY DORFMAN,
1800 Avenue of the Stars,
Los Angeles, Calif. 90067,
Attorney for Petitioner.

Parker & Son, Inc., Law Printers, Los Angeles. Phone MA. 6-9171.

SUBJECT INDEX

	Page
Opinions Below	1
Jurisdiction	2
Questions Presented	2
Statutes Involved	3
Statement of the Case	3
Reasons for Granting the Writ	7
I. The Ninth Circuit Court of Appeals Decided a Federal Question in a Way in Conflict With an Applicable Decision of This Court	7
II. 35 U.S.C. Section 103, Enacted in 1952, Overruled Smith & Griggs as Interpreted by the Ninth Circuit Court of Appeals	10
III. The Ninth Circuit Court of Appeals Has Decided an Important Question of Federal Law Which Has Not Been, but Should Be, Settled by This Court, Namely, Whether the Conditions of Patentability in 35 U.S.C. Section 103 May Be Applied Not as of the Date the Invention Was Made, but More Than One Year Prior to the Patent Application, to Invalidate the Invention Under 35 U.S.C. Section 102(b)	11

Page

IV.

The Ninth Circuit Court of Appeals Has Rendered a Decision in Conflict With the Decisions of the Sixth Circuit Court of Appeals on the Same Matter, Namely, the Legal Test to Be Applied in Determining Whether a Prior Use Invalidates a Patent Under 35 U.S.C. Section 102(b) 16

Conclusion 18

Appendix A. Judgment 1
Findings of Fact and Conclusions of Law 3

Appendix B. Opinion of the United States Court of Appeals for the Ninth Circuit 14

TABLE OF AUTHORITIES CITED

Cases — Page

Adams v. Columbus Mfg. Co., 180 F. Supp. 921, 124 USPQ 92 ..... 10, 16

Brenner v. Manson, 383 U.S. 519, 148 USPQ 689 12

Bros. v. Browning, 317 F. 2d 413, 137 USPQ 624 17

Chicopee v. Columbus Fiber Mills, 165 F. Supp. 307, 118 USPQ 53 ..... 10, 16

Dix Seal v. New Haven Trap Rock, 36 F. Supp. 914, 144 USPQ 57 17

Felburn v. New York Central, 350 F. 2d 416, 146 USPQ 622 ..... 10, 16

Foster, In re, 343 F. 2d 980, 145 USPQ 166 17

George R. Churchill v. American Buff, 365 F. 2d 129, 150 USPQ 417 ..... 10, 16

J. L. Clark Mfg. Co. v. American Can, 151 USPQ 313 ..... 10, 16

Kaiser v. McLouth, 257 F. Supp. 372, 150 USPQ 239 ..... 10, 16

Ling-Tempco-Vought v. Kollsman, 152 USPQ 446 ..... 10, 16

Smith & Griggs Mfg. Co. v. Sprague, 123 U.S. 249 ..... 2, 6, 7, 8, 9, 10, 18

Technicon v. Cole, 255 F. Supp. 630, 150 USPQ 227 ..... 10, 16

Wolowitz v. Gulf Oil, 255 F. Supp. 100, 149 USPQ 737 ..... 10, 16

Statutes Page

Public Law 89-83 14
United States Code, Title 28, Sec. 1254(1) 2
United States Code, Title 35, Sec. 41 14
United States Code, Title 35, Sec. 102 16
United States Code, Title 35, Sec. 102(b) .....
.....2, 3, 5, 6, 10, 11, 13, 17, 18
United States Code, Title 35, Sec. 103 .....
.....2, 3, 6, 10, 11, 12, 16, 17

IN THE

Supreme Court of the United States

October Term, 1967
No. .....

TOOL RESEARCH AND ENGINEERING CORPORATION,
Petitioner,

vs.

HONCOR CORPORATION,
Respondent.

Petition for Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit.

To the Honorable Chief Justice and Associate Justices of the Supreme Court of the United States:

Petitioner, Tool Research and Engineering Corporation, prays that a Writ of Certiorari issue to review the judgment of the United States Court of Appeals for the Ninth Circuit, entered in the above-entitled case on September 29, 1966.

Opinions Below.

The District Court opinion is reported in 240 F. Supp. 296, 145 USPQ 249, and the judgment, Findings of Fact and Conclusions of Law therein are attached hereto and collectively referred to as Appendix A. The Court of Appeals decision, attached as Appendix B, is reported in 367 F. 2d 449, 151 USPQ 236.

Jurisdiction.

The Court of Appeals entered judgment on September 29, 1966 and denied a petition for rehearing on November 8, 1966. On January 27, 1967 the Honorable William O. Douglas ordered that the time for filing the Petition for Writ of Certiorari be extended to April 6, 1967. This Court has jurisdiction under 28 U.S.C. Sec. 1254(1).

Questions Presented.

1. Whether the Ninth Circuit Court of Appeals has decided a federal question in a way in conflict with an applicable decision of this court, namely, *Smith & Griggs Mfg. Co. v. Sprague,* 123 U.S. 249 (1887).

2. Whether or not 35 U.S.C. Sec. 103, enacted in 1952 overruled the decision in *Smith & Griggs Mfg. Co. v. Sprague,* 123 U.S. 249 (1887), as interpreted by the Ninth Circuit Court of Appeals.

3. Whether the Ninth Circuit Court of Appeals has decided an important question of federal law which has not been, but should be, settled by this Court, namely, whether the conditions of patentability in 35 U.S.C. Sec. 103 may be applied not as of the date the invention was made, but more than one year prior to the patent application, to invalidate the invention under 35 U.S.C. Sec. 102(b).

4. Whether the Ninth Circuit Court of Appeals has rendered a decision in conflict with the decisions of the Sixth Circuit Court of Appeals on the same matter,

namely, the legal test to be applied in determining whether a prior use invalidates a patent under 35 U.S.C. Section 102(b).

Statutes Involved.

35 U.S.C. Section 102(b) provides that:

> "(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States, . . ."

35 U.S.C. Section 103 provides that:

> "A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made."

Statement of the Case.

Petitioner sued defendant Honcor for infringement of Green, *et al.* U.S. Letters Patent No. 2,975,263, which was filed July 6, 1954 and issued March 14, 1961. The claims thereof covered the preformed method of making honeycomb core used as a reinforcing material in aircraft and missiles. Green, *et al.* invented

the preformed method "in 1952 or the fore part of 1953." 240 F. Supp. 296, 145 USPQ 249, at p. 251.

The Circuit Court of Appeals concluded the following:

1. In June, 1957, Petitioner abandoned all claims in the application relating to the flat-pack method of making honeycomb core, and elected to rely solely on the preformed method. Appendix B, p. 18.

2. There is no doubt that there are differences in the two methods of producing honeycomb core. Appendix B, p. 19.

> "That there are differences in the two methods of producing honeycomb core is irrefragable. The one method uses flat foil, employs relatively flat fingers, requires pressure from the welding wheel to bend an upper foil to meet a lower one, and requires a mechanical step of expansion. The other method uses pre-corrugated foil, square fingers, requires no pressure to bring the area to be welded together, and eliminates the expansion step. The pre-formed method lends itself more readily to automation and produces a more uniform core."

3. There was a public use of the product produced by the flat pack method more than one year prior to the filing date on the preformed method (July 5, 1954). See Appendix B, p. 20 as follows:

> "The record fairly shows that during the period of 1952, 1953 and 1954 the use of welded stainless steel honeycomb core was relatively new. Ma-

> jor aircraft producers were testing it and experimenting with machines to produce it. During this period standards were being developed for the core. Plaintiff using the flat-pack method prior to June, 1953 produced and filled at least four separate orders for core. The money value of the core definitely shown to have been sold was not great, somewhere between five and six hundred dollars. Some core produced by the flat-pack method was given away. It is probable that most, if not all, of the core sold and given away was used by the purchasers for test and experimental purposes, but certainly plaintiff put no limitation on the use to be made of it. The sales of core were sufficient to put the flat-pack method into public use and we cannot say on the record that the District Court erred in not finding the use experimental."

This conclusion was based on the findings in the District Court that: (a) the method (flat pack) of making core had not been changed and (b) there were no secrecy limitations on the above noted sales. 240 F. Supp. 296, 145 USPQ 249, 252.

4. There were no sales of the product produced by the preformed method more than one year prior to July 6, 1954. Appendix B, p. 20.

5. The claims directed to the preformed method were invalid under Sec. 102(b) because of a public use of the product produced by the flat-pack method more than one year prior to July 6, 1954.

6. The District Court found that the preformed method was not obvious to one skilled in the art at the time the invention was made under Section 103. See 240 F. Supp. 296, 145 USPQ 249, at 254:

> "The court does not conclude in the case at bar that a skilled artisan, in the making of welded stainless steel honeycomb core, could, having in mind the disclosures of the above numbered patents cited by defendant, obtain the method of making core as set forth in Claims 1 to 4 of Pat. '263 without some inventive advance. It appears to the court that there is a new and novel result and inventive faculty over the prior art sufficient to support Claims 1, 2, 3 and 4 of Pat. '263 and that Method Patent '263 was not invalid by reason of the prior art."

7. The claims covering the preformed method were invalid under Section 102(b) because they were obvious to a person skilled in the art at a time one year prior to July 6, 1954, and in concluding this, both courts relied on *Smith & Griggs v. Sprague,* 123 U.S. 249 (1887).

REASONS FOR GRANTING THE WRIT.

I.

The Ninth Circuit Court of Appeals Decided a Federal Question in a Way in Conflict With an Applicable Decision of This Court.

After stating that none of the previously considered rules "quite compel a result here", the Court of Appeals considered *Smith & Griggs v. Sprague,* 123 U.S. 249 (1887), and erroneously concluded:

> ". . . that the sale of a product made by a machine not identical with the one patented constituted a public use . . .". Appendix B, p. 22.

Although in *Smith & Griggs,* the Supreme Court held Claims 1, 2, 3, 4, and 6 of Sprague Letters Patent No. 228,136 and Claims 2, 3 and 5 of Sprague Letters Patent No. 231,199 invalid because of a public use more than two years prior to the application date of December 2, 1878 of a machine which was identical with said claims (at pp. 253-254), the District Court herein overlooked the fact that the Supreme Court, in *Smith & Griggs,* held Claim 5 of No. 228,136 and Claims 1 and 4 of No. 231,199 valid and infringed.

The Court in *Smith & Griggs* went even one step further and concluded that had the inventor sought to patent, as a unit, a combination of the machine that had been in public use and the improvements made within the two-year period, such claim would have been allowed. The Court reasoned, "for, in that view, it would have been imperfect and incomplete, and merely experimen-

tal, until it had received from its inventor every element necessary to its operation." 123 U.S. 249, 256. As this court will note from the record, this is precisely what course Petitioner took, only to have it overturned by a misreading of *Smith & Griggs*.

The allowed claims in *Smith & Griggs* covered improvements that were made within the two-year period. In the words of the Court, the patentee added two improvements in 1878, ". . . the springs between the levers and the dies, . . . and the rib m^3, . . ." (at p. 255), "which improvements . . . (were) contained in the three additional claims, and which were added as parts of the invention within two years before the date of application" (at p. 254). So, the claims that were not identical with the machine in public use were held valid and infringed, even though the differences were "apparently not of great importance" (at p. 255).

Thus, *Smith & Griggs* does not hold that the sale of a product made by a machine not identical with the one patented constitutes a public use.

Furthermore, as indicated above there is other strong language in *Smith & Griggs* that directly supports Petitioner's argument that the claims covering the preformed method were not invalidated by the public use of the non-identical flat pack method.

The Circuit Court held in *Smith & Griggs* that it was not true that an inventor could not safely use, for profit, for more than two years before the invention was completed and the patent applied for, a machine which "demanded and received the continuous experiments of the inventor to remedy defects in its organization". The Supreme Court commented:

> "We think this view might be correct and applicable to the case if the invention of the complainant, which he sought to embody and protect by the patents, consisted of the entire machine as he ultimately constructed and operated it, considered as a unit; for, in that view, it would have been imperfect and incomplete, and merely experimental, until it had received from its inventor every element necessary to its operation."

In short, the Supreme Court said that Sprague could also have obtained a valid claim had he combined the machine in public use *and* the improvements made within the two year period.

Consequently, *Smith & Griggs* is authority that the claims covering the preformed method are valid because:

(1) they incorporate improvements not in public use more than one year prior to the filing of the Green, *et al.* application;

(2) they are not "identical" with the flat pack method allegedly in public use; as the Court of Appeals said, there was no public use of "the exact method patented". Appendix B, p. 22;

(3) the preformed claims consist of the entire process "as . . . [the inventors] ultimately constructed and operated it, considered as a unit"; and

(4) they were developed from the flat pack method which "demanded and received the continuous experiments of the inventor[s] to remedy defects in its organization".

II.

35 U.S.C. Section 103, Enacted in 1952, Overruled Smith & Griggs as Interpreted by the Ninth Circuit Court of Appeals.

If *Smith & Griggs* were to hold, as the Court of Appeals said it did, that "the sale of a product made by a machine not identical with the one patented constitutes a public use", this holding would directly conflict with 35 U.S.C. Section 103, enacted in 1952, which provides that an invention must be "identically disclosed" in the prior use described in Section 102(b). See *Chicopee v. Columbus Fiber Mills,* 165 F. Supp. 307, 118 USPQ 53, 65 (M.D. Ga. 1958); *Adams v. Columbus Mfg. Co.,* 180 F. Supp. 921, 124 USPQ 92, 95 (M.D. Ga. 1960); *Felburn v. New York Central,* 350 F. 2d 416, 146 USPQ 622, 626 (6th Cir. 1965); *Wolowitz v. Gulf Oil,* 255 F. Supp. 100, 149 USPQ 737, 739 (D.C. 1966); *Technicon v. Cole,* 255 F. Supp. 630, 150 USPQ 227, 233 (N.D. Ill. 1966); *Kaiser v. McLouth,* 257 F. Supp. 372, 150 USPQ 239, 250, 253, 256, 266 (E.D. Mich. 1966); *George R. Churchill v. American Buff;* 365 F. 2d 129, 150 USPQ 417, 418 (7th Cir. 1966); *J. L. Clark Mfg. Co. v. American Can,* ..... F. Supp. ....., 151 USPQ 313, 321 (D. N.J. 1966); *Ling-Tempco-Vought v. Kollsman,* ..... F. 2d ....., 152 USPQ 446, 449 (2d Cir. 1967).

III.

The Ninth Circuit Court of Appeals Has Decided an Important Question of Federal Law Which Has Not Been, but Should Be, Settled by This Court, Namely, Whether the Conditions of Patentability in 35 U.S.C. Section 103 May Be Applied Not as of the Date the Invention Was Made, but More than One Year Prior to the Patent Application, to Invalidate the Invention Under 35 U.S.C. Section 102(b).

The Court of Appeals held the Green, *et al.* patent invalid under Section 102(b), saying, Appendix B, p. 23:

> ". . . the invention should fall within 102(b) if the differences between the claimed thing and the sold or used thing are obvious to one skilled in the art."

And, although no evidence whatsoever was introduced on the question of "obviousness," the District Court concluded:

A. The preformed method was obvious in light of the flat-pack method; and

B. The experimental sale of the flat-pack method product was a public use of the preformed method.

Thus, the Court of Appeals superimposed the obviousness test of Section 103 on Section 102(b) by finding obviousness at a time "more than one year prior to the date of the application for patent", instead of applying the obviousness test of Section 103 "at the time the invention was made", which in this case was "in 1952 or the fore part of 1953". 240 F. Supp. 296, 145 USPQ 249, 251. In other words, the Ninth Circuit Court of Appeals ignored the words "identically

disclosed" in Section 103 and effectively revised that Section to read as follows (deletions in brackets and additions italicized):

> "A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious [at the time the invention was made] *at any time more than one year prior to the date of the application for patent in the United States* to a person having ordinary skill in the art to which said subject matter pertains."

This decision will have far-reaching, harmful effects on the purposes of the patent system and on small defense contractors.

One of the purposes of the patent system is to encourage dissemination of information concerning discoveries and inventions. *Brenner v. Manson,* 383 U.S. 519, 148 USPQ 689, 695 (1966). Yet, petitioner's only sin was to sell experimentally (which the court found to be public use) too early the product of a process different from the invention patented. Petitioner made the product available to major aircraft producers "for test and experimental purposes", Appendix B, pp. 20, 21, in order to determine the value of the product, and which methods to pursue. This had the healthy effect of stimulating competitors to invent other processes for making the product. In making the

product available, Petitioner relied upon the fact that the use was experimental and furthermore the invention of the flat pack method by its assignors was not a part of the prior art at the time its assignors invented the preformed process. Now, Petitioner finds that it should have withheld the product of the flat pack process until at least July 6, 1953, one year prior to the application date. If it had, however, the development of aircraft and missiles would have been retarded and competition to develop a better process for making the product would have been stymied.

The District Court concluded that:

A. The preformed method was obvious in the light of the flat-pack method;

B. The experimental sale of the flat-pack method product was a public use of the flat-pack method; and,

C. Because "preformed" was obvious in light of "flat-pack", the use of flat-pack became a public use of preformed under Section 102(b).

Such holdings of the District Court, without any evidence on the issue of obviousness before it, had the effect of precluding Petitioner from meeting the issue of whether the two processes in question were obvious extensions from each other under the current state of the art. Had Petitioner been given notice that this was an issue in the case, it could have easily met its burden of proof and could have conclusively established that the use of the flat-pack material was purely and solely an experimental use, and would therefore have avoided and

made immaterial the conclusion that the preformed method was obvious from the flat-pack method.

It is not an answer to say that Petitioner could have filed a patent application on the preformed claims earlier. The cost of patents is a substantial cost of doing business, especially since the recent enactment of the new fee bill, Public Law 89-83, effective October 25, 1965, 35 U.S.C. Section 41. Petitioner was entitled to keep the preformed process secret until it could determine that the market for the product would justify the patent costs. This it did only to find that the patent was invalid because of the alleged prior public use of the product of a different, inferior and commercially unsuccessful process. The decision of the Court of Appeals, therefore, encourages either (1) a secrecy impossible for a small inventor to maintain or (2) the immediate and indiscriminate patenting of each commercially unsuccessful process at substantial cost prior to any determination of the value of its product in the market place.

Either alternative imposes substantial burdens on small defense contractors, such as the Petitioner, which exists on subcontracts from prime government contractors. These companies are in no position to make secrecy demands on the prime contractors, nor are they financially able to undertake an expanded patent program. Even if they were, the result would be a needless load on an already overburdened Patent Office. See Report of the President's Commission on the Pat-

ent System, page 2. The result is exemplified in this case: the Petitioner is deprived of its rights to a really significant improvement invention because it permitted a test and experimental use of a product made by a different, inferior and commercially unsuccessful invention. Consequently, to avoid the risk of a commercially successful improvement being declared obvious over a prior, inferior invention, the inventor or assignee must now keep both secret until one year prior to the filing date of the application on the perfected invention or file immediately on the inferior and commercially unsuccessful invention. As pointed out, this retards both scientific development and competition in the development of new ideas, neither of which is consistent with the purposes of the patent system.

In part, the result here is also due to the statement of the Circuit Court of Appeals that:

> "Where a process patent is involved and there is a sale of a product of the process, such is a public use of the process if the product sold discloses the process, or even if it does not." Appendix B, p. 22.

In this case it is uncontradicted that the product used experimentally did not disclose the flat pack method, nor did Petitioner intend to disclose said method. Accordingly, this Court should also review the above principle of law in the light of its contributing adverse effect on the purposes of the patent system.

IV.

The Ninth Circuit Court of Appeals Has Rendered a Decision in Conflict With the Decisions of the Sixth Circuit Court of Appeals on the Same Matter, Namely, the Legal Test to Be Applied in Determining Whether a Prior Use Invalidates a Patent Under 35 U.S.C. Section 102(b).

The Ninth Circuit decision in this case is in conflict with the Sixth Circuit decision in *Felburn v. New York Central,* 350 F. 2d 416, 146 USPQ 622, 626 (6th Cir. 1965). There, the Court of Appeals reversed a District Court finding of lack of novelty under Section 102 because the inventions were not "identically disclosed" more than one year prior to the application date. The Court did not superimpose the obviousness test of Section 103 on Section 102 at that time, although the inventions were obvious to a person skilled in the art at that time, as well as at the time the inventions were made. *Accord: Chicopee v. Columbus Fiber Mills,* 165 F. Supp. 307, 118 USPQ 53, 65 (N.D. Ga. 1958); *Adams v. Columbus Mfg. Co.,* 180 F. Supp. 921, 124 USPQ 92, 95 (M.D. Ga. 1960); *Wolowitz v. Gulf Oil,* 255 F. Supp. 100, 149 USPQ 737, 739 (D.C. 1966); *Technicon v. Cole,* 255 F. Supp. 630, 150 USPQ 227, 233 (N.D. Ill. 1966); *Kaiser v. McLouth,* 257 F. Supp. 372, 150 USPQ 239, 250, 253, 256, 266 (E.D. Mich. 1966); *George R. Churchill v. American Buff,* 365 F. 2d 129, 150 USPQ 417, 418 (7th Cir. 1966); *J. L. Clark Mfg. Co. v. American Can,* .... F. Supp. ...., 151 USPQ 313, 321 (D. N.J. 1966); *Ling-Tempco-Vought v. Kollsman,* .... F. 2d ...., 152 USPQ 446, 449 (2d Cir. 1967).

The decision of the Ninth Circuit in this case is supported by *Dix Seal v. New Haven Trap Rock,* 236 F. Supp. 914, 144 USPQ 57, 61-63 (D. Conn. 1964) and *Bros. v. Browning,* 317 F. 2d 413, 137 USPQ 624, 625 (8th Cir. 1963).

In addition to the conflict in the Courts of Appeal, there is a conflict within the Court of Customs and Patent Appeals. *In re Foster,* 343 F. 2d 980, 145 USPQ 166 (CCPA 1965).

The instant case is yet an additional example of the results that obtain because of the *Foster* opinion which in at least one jurisdiction has modified Section 103 so as to include in its terms a time bar which does not appear in the words of Section 103 itself, and where 102(b) is found interpreted to include a public use of a product which is not identical to the product sought to be patented.

Petitioner, aside from being given no notice that the obviousness question was before the District Court, was likewise given no notice that the issue of obviousness would be read into Section 102(b), nor that 102(b) contained a time bar which prohibited the patent of a process which was not identical to the process experimentally used.

Another basic result that necessarily follows from *Foster,* and which has appeared in this case with dynamic effect, is the ambivalent application of Section 102(b). In one place, the Circuit Court concludes that "there was no change or experimentation in 'said method' in the making of core using flat material after 1952, and the core made and sold was by a method in a perfected state"; Appendix B, p. 20. In another

part of its opinion, the Circuit Court concludes that "the sales of core made by the flat-pack method constituted a public use of the preformed method". Appendix B, p. 24.

In other words, applying a single standard: if Section 102(b) does not include the obviousness condition, the preformed method claims could not have been invalidated because they were not identically disclosed. However, if Section 102(b) does include the obviousness condition, then the preform method claims could not have been invalidated because they required changes and experimentation in order to be perfected.

Conclusion.

It is respectfully submitted that the decision of the Ninth Circuit Court of Appeals conflicts with an applicable decision of the United States Supreme Court (*Smith & Griggs);* that the Ninth Circuit Court of Appeals has decided various federal questions of national importance that should be reviewed by this Court; and that there is a conflict between the circuits on an important question under the Patent Statute.

For these reasons, and for the other reasons stated in this Petition, Petitioner respectfully submits that this Petition for Writ of Certiorari to review the judgment of the Ninth Circuit Court of Appeals should be granted.

Respectfully submitted,

SIDNEY DORFMAN,

Attorney for Petitioner.